

CAFR includes the implementation of the new reporting model as promulgated by GASB Statement No. 34. The State Auditor's Office is charged by Ohio law with responsibility for inspecting and supervising the accounts and reports of the County. The State Auditor's Office performs a consolidated audit of all the County's funds and accounts.

Proprietary Funds' financial transactions are recorded on the accrual basis of accounting: revenues are recognized when earned and measurable, and expenses are recognized as incurred. Unbilled service charges receivable are recognized as revenue at year-end.

The Auditor's Finance Department is responsible for the auditing analysis of all purchase orders and vouchers of the County. As these documents are received, they are carefully examined to ensure their legal nature, their use of proper accounts and the availability of funds prior to payment.

Except for examination by the State Auditor's Office and a State Welfare Department audit of welfare expenditures, no other examination or audit of the County's records is made.

The most recent examination by the State Auditor's Office of the accounts and records of the County Auditor, County Treasurer and County Commissioners was completed through December 31, 2003. The reports of such examinations have been received by the County and did not include any material findings.

Financial reports are prepared annually by the County and filed with the State Auditor's Office pursuant to Ohio law. Such reports are required to be submitted to the State Auditor's Office within 150 days after the close of each year, and have been filed by the required time.

Audit reports issued on the County by the State Auditor are available for public inspection following the completion of the audit and post-audit activities.

Appendix A presents portions of the County's Comprehensive Annual Financial Report for the years ending December 31, 2002 and 2003. Appendix B presents a summary of the County's 2004 Budget Appropriations.

INSURANCE

Arthur J. Gallagher & Co. administers all County real and personal property, comprehensive general liability including law enforcement liability, blanket crime coverage, public official's liability insurance, fleet insurance, and a comprehensive boiler and machinery coverage.

Other than blanket crime, coroner's professional liability and boiler and machinery, all coverage falls under the County's protected self-insurance program. St. Paul Fire & Marine Insurance Company provides an \$11,000,000 per occurrence limit Liability Package for general liability, automobile liability, law enforcement liability, public entity management liability and a \$2,000,000 limit for Employment Practices Liability. Travelers Indemnity Company provides a

\$100,000,000 per occurrence limit for real and personal property coverage. Coverage in the protected self-insurance program is subject to the following per occurrence retentions/deductibles: Property - \$50,000 deductible; Automobile - \$25,000 retention; All Other Liability \$100,000 retention; Combined Maximum (Liability) - \$100,000 retention; Maximum per Year (Liability) - \$500,000 retention.

The United National Insurance Company provides fleet insurance coverage with \$1,000,000 liability limit subject to a \$1,000,000 property damage liability and comprehensive and collision coverage for certain vehicles subject to deductibles of \$25,000. 2003 fleet insurance was subject to a \$25,000 property damage liability and comprehensive and collision coverage. The Travelers Indemnity Company provides boiler and machinery coverage with limits up to \$50,000,000 subject to a \$10,000 deductible. This coverage remains the same as 2002. The Travelers Casualty and Surety Company of America provides the County's crime insurance. The County is insured up to \$250,000 for dishonest acts of employees, theft or destruction of liquid assets, and \$75,000 for money and securities limits. Deductibles are \$1,000 employee dishonesty and \$1,000 money and securities. Crime insurance coverage remains the same with the exception of deductibles. The 2003 deductibles were \$250 employee dishonest and \$1,000 money and securities. Settled claims have not exceeded this commercial coverage in any of the past five years.

As a general rule, Ohio law provides that political subdivisions such as the County have an immunity from liability in damages for injury, death, or loss to persons or property allegedly caused by an act or omission of such political subdivisions or their employees in connection with governmental and proprietary functions, as defined in the Ohio statutes. This law has no effect on actions based on contract and any liability imposed by federal law or other federal cause of action. Pursuant to Ohio law, there are, however, 5 areas in which a County may be held liable for such loss. These include the negligent operation of a motor vehicle on public roads, highways or streets; negligent performance of proprietary functions; negligent failure to remove obstructions from public roads or to keep public roads, highways, streets, sidewalks, bridges or public grounds open, in repair, and free from nuisance; negligence of employees within or upon the grounds of buildings used in the performance of governmental functions which buildings have physical defects within or upon the grounds thereof, but excluding jails, juvenile detention workhouses and other detention facilities; and liability specifically imposed by law. Ohio law imposes a 2-year statute of limitations, prohibits the garnishment or judicial sale of assets and funds of political subdivisions, and puts limits on the damages which may be recovered from such political subdivisions. The political subdivision is also required to indemnify and defend its officers and employees when the officer or employee was acting in good faith and within the scope of duties. No punitive or exemplary damages can be recovered, and any insurance benefits are deducted from any award against a political subdivision. Although there is no limitation with respect to compensatory damages representing a person's economic loss, there is a \$250,000 per person ceiling on the compensatory damage that represents a person's non-economic loss in cases other than wrongful death, in which case there is no maximum limitation.